



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO
80204-2581

Reply to
Attn of:

SP 04-14

JUL 07 2004

Subject: Severe Need Breakfast Cost Calculation No Longer Required

To:

STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri ED,
(Special Nutrition Programs) Nebraska, North Dakota, Montana OPI,
South Dakota, Utah and Wyoming

Section 201 of the Child Nutrition and WIC Reauthorization Act of 2004, (the Act) amended Section 5 of the Child Nutrition Act of 1966. Section 5(d) provides the criteria for determining schools eligibility for severe need assistance under the School Breakfast Program.

Effective July 1, 2004, schools are no longer required to document that the normal per meal reimbursement is insufficient to cover the costs of the SBP. Beginning with School Year 2004-2005, schools no longer have to maintain cost records to receive the severe need reimbursement rate for the SBP. However, any claims outstanding from School Year 2003-2004 are still subject to the cost-accounting procedures for severe need assistance.

The Act retained the provision that requires that schools must have served 40 percent or more of their lunches to free or reduced price students in the second preceding year in order to receive severe need assistance. In addition, the law now permits USDA to determine how the 40 percent test is met for schools that did not serve lunches in the second preceding year. We will be issuing further guidance on this new provision.

If you have any questions, please feel free to contact Joe Fisher of our office at 303-844-0354.

DARLENE SANCHEZ

for Regional Director
Special Nutrition Programs